

LICHFIELD CITY COUNCIL

INTERNAL AUDIT REPORT

2019-20

Graham Keatley
Internal Auditor

ANNUAL REPORT OF INTERNAL AUDIT 2019-20

Introduction

The purpose of this report is to:

- Provide the Council with an internal audit opinion of the effectiveness of the systems of financial control, risk management and control arrangements based on the work undertaken during the year
- Summarise internal audit activity
- Raise any particular issues arising from that work

Overall Opinion

Based on the findings of the work undertaken during the year, my overall opinion on the soundness of the system of internal control is that it was adequately controlled. The overall opinion for each review conducted is given in the Appendices. Areas for improvement were identified in a number of reviews and action plans agreed.

Background

The Local Government Accounts and Audit Regulations 2011 require every Authority to maintain an adequate and effective system of internal audit of its accounting records and its system in accordance with proper internal audit practices.

Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Council on the control environment comprising risk management, control and governance, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to proper, economic, efficient and effective use of resources.

Internal Audit must ensure that all activities of the Council are subject to an internal audit review. The identification of these activities has been agreed with the Town Clerk.

The annual Audit Plan for 2019-20 was approved by the Audit Committee on the 18 March 2019, and is reproduced for information as **Appendix A**.

The findings of work undertaken, and recommendations are at **Appendix B**.

A summary of the recommendations and management response are at **Appendix C**.

The Management and Insurance risk register details are at **Appendix D**.

The Annual Internal Audit Report as required for the Annual Accountability Return for the year ended 31st March 2020 will be completed as the statement of accounts for 2019-20 is prepared. Details are contained in **Appendix E**.

AUDIT PLAN 2019-20

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4. MANAGEMENT AND INSURANCE REGISTER

1. FINANCIAL SERVICES

1.1 Fraud and Corruption Checklist

The Anti Fraud and Corruption Checklist Action Plan sets out tasks for the production of clear, written instructions and procedures for all staff on: -

- Cash collection/ handling duties
- Credit income duties
- Order for work, goods and services
- Creditor payments
- Cheque dispatch procedures
- Petty Cash
- Banking duties
- Payroll processing

The financial procedure notes are in place and are being updated.

However, I have the following recommendation to make;

Recommendation 1

- That the Town Clerk on implementing Electronic Banking Payments by BACS produce clear written instructions and procedures

1.2 Main Accounting System

The purpose of the review to ensure the main Accounting System provides complete and accurate data to produce budget reports and the publication of the Annual statement of Accounts.

I am pleased to note that there are good controls operating.

1.3 Creditors

The purpose of the review is to look at the ordering, receipt and payment of goods and services; and that the financial regulations have been adhered to and the appropriate controls are in place and in operation.

Payment Terms

With reference to the Government's objective to pay Small Medium Enterprises (SME's) within 30 Days, I have taken a sample of the Council's invoices. **56%** (54% 2018/19) have been paid within 10 days and **93%** (92% 2018/19) are paid within 30 days from date of receipt of invoice.

Based upon a six-month sample It takes on average an additional 13 days (11 days 2018/19) for the cheques to clear Lichfield City Council's bank account.

I am pleased to note that there are good controls operating.

- That financial regulations have been complied with
- All payments are appropriate and legitimate
- There is adequate documentation

However, I have the following recommendation to make;

Recommendation 2

- That the Town Clerk to ensure that all invoices received are date stamped

1.4 Sundry Debtors

The purpose of the review is to look at the controls and operations relating to bookings and admissions.

I am pleased to note that there are good controls operating;

- Price increases are agreed by Council
- Price changes are implemented
- There is adequate documentation
- That bad debt is managed, and any write off action required is taken promptly

1.5 Payroll

The purpose of the review was to identify whether there are appropriate controls in place and in operation.

I am pleased to note that there are good controls operating in relation to staffing matters;

- The responsibility is clearly defined in the Council's Financial Regulations
- Personnel records are kept securely
- All payments are appropriate and legitimate

Staffordshire Pension Fund: The Town Clerk has nominated the Internal Auditor to be the Local Government Pension Scheme Regulations Employers' Internal Dispute Resolution Procedure (IDRP) Nominated Contact.

1.6 Management of VAT

The purpose of the review is to identify whether there are appropriate controls in place and in operation and to review the partial exemption calculation.

- To examine the current systems, procedures and controls relating to Vat entries into the financial information system
- To ensure VAT is accounted for and recovered appropriately
- Ensure the VAT return is completed correctly and on time
- That the partial exemption calculation is completed and reviewed

I have reviewed the returns made to HM Revenue and Customs, and the authority's partial exemption calculation, and confirm that the appropriate controls are in place.

The HM Revenue and Customs (HMRC) monthly VAT claim is completed online via the Government Gateway.

I have reviewed the Partial exemption calculation regarding taking on the management of Boley Park Community centre.

Making Tax Digital - Lichfield City Council from the 1st October 2019 will need to keep digital records and submit VAT returns using software that works with Making Tax Digital. This has been successfully implemented

I am pleased to note that there are good controls operating.

I note that HRMC is currently reviewing VAT on Market Fees, which are currently exempt from VAT.

1.7 Banking Arrangements

The purpose of the review is to identify whether there are appropriate controls in place and in operation, ensuring all cash collections and banking arrangements are in accordance with Financial Regulations.

I am pleased to report that there are good controls in relation to banking matters.

- Financial Regulations have been adhered to
- All receipts and payments are dealt with promptly
- Adequate separation of duties

1.8 Petty Cash

The purpose of the review is to identify whether the appropriate controls are in place and in operation.

I am pleased to report that there are good controls operating.

- The responsibility is clearly defined in the Council's Financial Regulations
- Receipts obtained for all reimbursements and approved

1.9 Income Monitoring

I have reviewed the income received by the authority and checked that all fees and charges have been reviewed and reported in accordance with financial regulations.

I am pleased to note that all the requirements have been met.

1.10 Budgetary Control

To ensure that the Budget has been approved, monitored and reported in accordance with Financial Regulations and that the level of reserves are at an adequate level to meet the needs of the organisation.

I am pleased to note that the Budget is approved, monitored and controlled in accordance with the Council's Financial Regulations.

1.11 End of year closedown

An important measure of proper financial control and accountability is the timely closure and publication of audited accounts.

I am pleased to report that there are good controls operating.

1.12 Statement of Account

The statutory target for presenting the Annual return to Members for approval is 30 June. The Annual Return for 2018-19 accounts was approved and published by Council on 17 June 2019, and I am pleased to report that the requirements under the Accounts and Audit Regulations for 2018-19 were met.

Section 3 - External auditor's certificate and opinion 2018-19

The external auditor on 16 August 2019 issued an unqualified report and the Notice of conclusion of Audit and right to inspect the annual return was published on the web site www.lichfield.gov.uk on 22 August 2019.

Appointment of external auditor.

From 2018-19 the Smaller Authorities Audit Appointments (SAAA) a company appointed by the Department of Communities and Local Government as the 'specified person' to procure and appoint external auditors to smaller authorities, have appointed for the period 2017-2022 MAZERS LLP for Staffordshire.

2. STRATEGIC POLICIES

2.1 The Treasury Management Policy and Strategy Statement for 2019-20

Approved by the Audit Committee on 18 March 2019 and subsequently approved by Council on 23 April 2019.

The purpose of this statement is to establish how the authority will manage its activities in relation to borrowing and investments

The Council on 02/12/19 approved an uplift in the maximum fixed term/time deposit with Nat West to £4,000,000.

Borrowing

The authority has undertaken no borrowing during 2019-20.

2.2 Investment Policy

I note that that in November/December the Authority received £1,994,975 capital Receipt

Investments have been made in accordance with the Investment Strategy.

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Actual	Actual	Estimate	Estimate
Average Account Balance	£1,118,028	£925,000	£1,082,307	£1,592,353	£3,077,353
Interest	£1,293	£237	£2,300	£10,220	£22,940
Average Interest Rate	0.11%	0.026%	0.21%	0.642%	0.745%

2.3 Treasury Management Practices (TMP's)

The treasury management practices set out the manner in which the Council will seek to achieve its treasury management policies and objectives and how it will manage and control those activities.

- TMP 1 - Risk management
- TMP 2 - Best Value and Performance Plan
- TMP 3 - Decision making and analysis
- TMP 4 - Approved instruments, methods and analysis
- TMP 5 - Organisation, clarity and segregation of responsibilities and dealing arrangements
- TMP 6 - Reporting requirements and management information arrangements
- TMP 7 - Budgeting, accounting and audit arrangements
- TMP 8 - Cash and cash flow management
- TMP 9 - Money Laundering
- TMP 10 - Staff training and qualifications
- TMP 11 - Use of external service providers
- TMP 12 - Corporate Governance
- **The RFO has complied with the TMP's 1 to 12**

3. SPECIFIC REVIEW

3.1 Financial Regulations and Procedures

To ensure that Financial Regulations and procedures have been complied with.

I can confirm that finances have been administered in accordance with Financial Regulations and Procedures adopted by the Council.

However, I have the following recommendation to make;

Recommendation 3

- That the Town Clerk Review Financial Regulation as a result of NALC publishing Model Financial Regulation 2019 for England

3.2 Contract Standing Orders

To identify amendments and updates to Contract Standing orders and that they have been complied with.

I can confirm that Contracts have been administered in accordance with Financial Regulations and Procedures adopted by the Council.

3.3 Review of 2018-2019 Internal Audit Recommendation

I confirm that the recommendations for 2018-19 have been actioned, and in discussion with the Town Clerk for those recommendations not yet actioned, new completion dates have been agreed. **Appendix C.**

3.4 Capital Works

The purpose of the review is to look at the Contract works during 2018-2019, to confirm that the Financial Regulations have been adhered to and the appropriate controls are in place and in operation.

I can confirm that the contract works have been administered in accordance with Financial Regulations and Procedures adopted by the Council and that there are good controls operating.

3.5 The Local Government Transparency Code 2015

The Government's transparency agenda encourages local authorities to make public data openly available.

It defines Local Authority as "a parish council which has gross annual income or expenditure (whichever is the higher) exceeding £200,000".

Information to be published:

Quarterly (published no later than one month after the quarter date)

- Expenditure exceeding £500
- Government procurement card (not applicable to LCC)
- Procurement Information

Annually

- Local Authority Land
- Social Housing Assets (not applicable to LCC)
- Grants to voluntary, community and social enterprise organisations
- Trade union facilities (not applicable to LCC)
- Parking Account (not applicable to LCC)
- Parking Spaces (not applicable to LCC)
- Senior Salary
- Constitution
- Pay Multiples
- Fraud (not applicable to LCC - relates to Social Housing and Council Tax Reduction Scheme)

The Council adopted the Code of Recommended Practice for Local Authorities on 17 October 2011.

The purpose of this review is to ensure that the Transparency agenda has been actioned.

I can confirm that requirements of The Local Government Transparency code have been met.

However, I have the following recommendation to make;

Recommendation 4

- That the town Clerk publishes Lichfield City Council's Complaints Procedure on the transparency page of LCC web Site.

3.6 Insurances

The Council's risk register identifies that the Council's business is protected against loss, damage or claims made upon it.

The Council has a combined insurance policy with Zurich Municipal for buildings and property, public and employer's liability.

The Council has an insurance Policy with Ecclesiastical Insurance for The Samuel Johnson Museum.

The Town Clerk reviews the Insurance Risk Register **Appendix D** and the Insurance policy in March of each year and arranges for additional cover as circumstances arise.

I can confirm that that appropriate insurance cover for identified risks is in place.

However, I have the following recommendation to make;

Recommendation 5

- That the town Clerk review the all risk insurance value in relation to the Civic Silver/Regalia
- Zurich have produced a Guide to risk Management I would recommend that the document is shown to our Health and safety Consultants Terrain

3.7 Code of Conduct and Disclosure of Interest

Members

The Localism Act 2011 contains provisions which replace the previous standards framework established under the Local Government Act 2000. These provisions are contained in section 26-37 and Schedule 4 of the Act and took effect from 1 July 2012. The new provisions apply to both members and co-opted members of parish councils. The changes affect members of principal councils too, but with some slight differences in application as compared to parishes.

The Town Clerk submitted a detailed report to Council 25th June 2012.

At Council on 25 June 2012 it was resolved that with effect from 1 July 2012 the Council adopt until further notice, the code of conduct as contained in Appendix 2 to the minutes, and that the Town Clerk arrange a training session for members on the new Code.

Lichfield District Council on 7th January 2020 through the Lichfield District Parish Forum has provided training to Parish Councils on the Code of Conduct

I can confirm that the Code of Conduct and disclosure of interest for members are included on Lichfield City Council's Web site.

3.8 The Samuel Johnson Birthplace Museum

The following Museum document has been adopted by Council, 23 April 2019

- The Museum Forward Plan 2018-2021

The Council approved the following policy 24 April 2017

- Access Policy Statement

The Council approved the following policies 20 April 2015

- Environmental Policy Statement
- Collections Documentation Policy
- Collections Care and Conservation Policy updated 11/04/19
- Collections Development Policy

Dr Johnson's Birthplace Trust, Charity number: 500046

The Charity Commission Online Return for the period 1 April 2018 to 31 March 2019 has been submitted.

I can confirm that the Council met its responsibilities as trustee.

3.9 Policy and Procedure Documentation –Employees

I confirm that the following Booklets and leaflets have been issued to all employees:

- Health and Safety at Work Act Policy
- Risk Assessment Form – Building Condition / Specific Activities
- Disciplinary Procedure
- Maternity Policy
- Equal Opportunities Policy Statement
- Grievance Procedure

- Internet and email guidance
- Information and Data Protection Policy)
- Child Protection Policy & Procedure
- CCTV code of Practice
- Complaints Procedure
- Anti-Fraud and Corruption Strategy
 - Confidential Reporting (Whistleblowing) Policy
 - Anti-Money Laundering Policy
- Adverse Weather Policy
- Electronic Terminals Payment Procedures
- Document Retention Policy
- Training and Development Policy for Employees, Councillors and Volunteers
- The management of Transferable Data Policy
- Sickness Policy
- Employee Personal details
- Code of Conduct for Employees
- Social Media and Electronic Communication Policy

The Town Clerk has engaged Keelys LLP to provide an Employment Health Check Plan which includes a review of current policies.

The Town Clerk has engaged Terrain Health and Safety Consultants to provide Health & Safety services including risk assessments of City Council Buildings and working practices.

Employees have been notified of updates of policies.

No significant issues have been identified in this area of my review.

I have the following recommendation to make;

Recommendation 6

- That the Town Clerk produce an updated Anti-Fraud and Corruption Strategy including Confidential Reporting (Whistle blowing) policy and Anti-Money Laundering Policy

3.10 Review of Corporate Governance

The objective of this review is to ensure that the Council has robust corporate governance documentation and procedures in place and that Council meetings are conducted in accordance with adopted Standing Orders and that no actions of a potential unlawful nature have been or are being considered for implementation.

No significant issues have been identified in this area of my review.

3.11 Further Developments

I note the following items reported Council:

- Repair and Renovation Programme 2020/21 (Council 27/01/20)
- Boley Park Community Hall (Council 21/10/19)
- Markets Working Party (Council 21/01/20)
- Sheriffs Ride Working Party (Council 27/01/20)
- Electronic Payments Phase 3 (Council 03/12/18)

Future Developments to be reported;

- Temporary Payroll Services-Churches together in Lichfield-Shelter for the Homeless.

3.12 Other Activities during the year

I have completed a detailed review of the following;

2019- 0 Electronic Payments and Card Machine Provision

The Council Agreed on 31 November 2015 to receive electronic payments.

I have reviewed the recording and reconciliation of payments received to date and I am pleased to note there are good controls operating.

Year	Transactions	Payments	Fees Paid	Fees Average %
2015/16	49	£1,024	£47	4.6%
2016/17	438	£11,630	£234	2.0%
2017/18	600	£19,976	£256	1.3%
2018/19	691	£17,617	£322	1.3%
2019/20 estimate	825	£30,790	£470	1.5%

2019-1 Street Lighting Service

In 2003 Staffordshire County Council entered into a 25 year PFI agreement for the renewal and maintenance of road lighting and traffic sign equipment including street lighting - Lichfield City Council is part of this agreement.

I have completed a detailed review of the E-On highway lighting and maintenance charges. I note that for 2019/20 maintenance costs have increased by 2.43% and energy costs have remained at the same cost as 2018/19.

Year	No Street Lights	KWH	Rate	Cost	Maintenance Cost	Total Cost
2016/17	136	45777.18	0.131	£6,020	£3,437	£9,457
2017/18	136	45777.18	0.145	£6,609	£3,460	£10,069
2018/19	136	45777.18	0.176	£8,020	£3,584	£11,604
2019/20	136	45,777.18	0.176	£8,020	£3,670	£11,691

2019-2 Grounds Maintenance Service

The Council has a Long-Term Service agreement with Lichfield District Council to supply grounds maintenance works.

I have completed a detailed breakdown of the Service Level Agreement (SLA) and works instructions with Lichfield District Council and I can confirm that all payments are made in accordance with financial regulations and standing orders.

Year	SLA value	RPI Increase	Ad Hoc Works
2017/18	£119,216	0	£5,672
2018/19	£123,985	4%	£9,931
2019/20	£126,826	2.5%	£6,350

2019-3 Official Orders

I have reviewed the raising of Official Orders. No significant issues have been identified in this area of my review

2019-4 Section 137 Payments

I have reviewed Grant Aid Funding. I can confirm that the total grants awarded were paid in accordance with the Council minutes and the total paid is well within the Local Government Act 1972 - section 137 limits.

Year	Estimated Electorate	Amount Specified section 137(4)a LG Act 1972	Section 137 Limit	Grants Paid
2015/16	25820	£7.36	£190,035	£35,714
2016/17	25820	£7.42	£191,584	£35,185
2017/18	25820	£7.57	£195,457	£36,445
2018/19	25820	£7.86	£202,945	£32,960

I note that The Council on 30/07/19 resolved that from the 17 June 2019 until the next relevant Annual Meeting of the Council in 2023, the City Council adopts the General Power of Competence having met the conditions of eligibility as defined in the Localism Act 2011 and SI 965 The Parish Councils (General Power of Competence)(Prescribed Conditions) Order 2012.

This replaces the requirement to record Section 137 Payments

2019-5 Guildhall Bar Charges

I have reviewed the Bar Charges arrangement with Lichfield Arts. I am pleased to note that there are good controls operating in relation to the raising of invoices and the payment of commission.

Year	Bar Charges	Commission	No Functions
2015/16	£2,380	£238	21
2016/17	£2,330	£233	25
2017/18	£3,405	£340	34
2018/19	£3,754	£375	25
2019/20Estimate	£1,610	£161	20

2019-6 Markets Miscellaneous Income

I have reviewed the miscellaneous income (Commercial Lets and Wednesday Market) relating to the Market Square and can confirm they have been raised in accordance with Council's approved charges policy. I note that from May 2019 Lichfield District Council are imposing the requirement for a Street trading License for non-market days which has had a marked impact on the miscellaneous income.

Year	Commercial Hire	Wednesday Market	Total
2015/16	£13,670	-	£13,670
2016/17	£13,200	-	£13,200
2017/18	£12,513	£4,086	£16,599
2018/19	£17,754	£3,260	£21,014
2019/20Estimate	£14,840	£250	£15,090

2019-7 PRS Licence

I have reviewed the PRS for Music Returns and the recharges to Lichfield Arts and can confirm they have been raised and paid in accordance with agreed terms and conditions of the PRS for Music Licence.

Year	Total Number of Functions	Total PRS Fees Paid	Lichfield Arts		Other Hirers	
			No Functions	Fees	No Functions	Fees
2015/16	31	£1,528	30	£1,385	1	£143
2016/17	40	£1,794	34	£1,559	6	£235
2017/18	47	£2,224	39	£1,889	8	£335
2018/19	40	£2,053	30	£1,399	10	£654
2019/20Estimate	21	£1,510	18	£1,460	3	£50

2019-8 Johnson Birthplace Museum Third Party Payments

I have reviewed the receipts and payments made in relation to book sales at the Johnson Birthplace Museum, I am pleased to note there are good controls operating.

Year	Book Sales	Payments to Suppliers	Net Sales
2015/16	£3,595	£2,377	£1,218
2016/17	£3,946	£2,638	£1,308
2017/18	£4,306	£2,850	£1,456
2018/19	£4,135	£2,792	£1,342
2019/20Estimate	£4,230	£2,950	£1,260

2019-9 Energy Provision

I have reviewed the energy supplier's invoices from 2015 to date. I am pleased to note there are good controls operating.

Year	KWH	Cost	Climate Change Levy	Data Collection/Standing Charge	Total Cost
	Electricity				
2015/16	85735	£9,372	£356	£511	£10,239
2016/17	93680	£9,645	£389	£560	£10,594
2017/18	86831	£10,163	£376	£620	£11,159
2018/19	81846	£10,674	£359	£1,636	£12,669
2019/20Estimate	80000	£9,880	£370	£1,780	£12,030
	Gas				
2015/16	221273	£5,667	£378	£1,957	£8,002
2016/17	234200	£5,360	£429	£2,003	£7,792
2017/18	266490	£5,796	£500	£1,910	£8,206
2018/19	269244	£6,449	£526	£1,748	£8,723
2019/20Estimate	296400	£7,130	£910	£670	£8,710

2019-10 Business Rates

I have reviewed the impact of business rates revaluation from 01/04/17. I confirm that all payments are made in accordance with financial regulations and standing orders.

Year	No Properties	RV	Business Rates	Business Rate reliefs	Net Business Rates	Lichfield BID
2016/17	4	69,300	£34,302	-£3,479	£30,823	£935
2017/18	4	71,500	£33,348	-£1,641	£31,707	£1,046
2018/19	4	71,500	£34,349	-£580	£33,769	£1,046
2019/20	4	71,500	£35,135	-£772	£34,363	£1,033

2019-11 Telephone Services

I have reviewed the telephone charges from 2015 and I confirm that all payments have been in accordance with financial regulations and standing orders.

Year	Rental Charge	Cost of Calls	Total Cost
2015/16	£3,238	£943	£4,181
2016/17	£3,870	£1,379	£5,249
2017/18	£3,914	£1,624	£5,538
2018/19	£3,958	£1,067	£5,025
2019/20 Estimate	£4,200	£1,250	£5,450

2019-12 Water Charges

I have Analysed water charges from 2015 and I can confirm that all payments were made in accordance with Financial Regulations and Standing Orders.

Year	Water		Surface Water		Total Cost
	Standard Charge	Usage	Standard Charge	Usage	
2015/16	£316	£959	£276	£1,442	£2,993
2016/17	£304	£906	£354	£1,443	£3,007
2017/18	£355	£2,116	£376	£412	£3,259
2018/19	£365	£1,706	£389	£519	£2,979
2019/20 Estimate	£380	£2,360	£170	£800	£3,710

2019-13 Photocopier Service

I have reviewed the photocopier agreements with RICOH including Samuel Johnson Museum from January 2019 and I confirm that all payments are made in accordance with Financial Regulations and Standing Orders.

Year	No Copies	Rental	Black & White usage	Colour usage	Total Cost	Average copy cost
2015/16	120,353	£1,857	£227	£1,244	£3,328	2.8p
2016/17	125,337	£1,575	£144	£1,393	£3,112	2.5p
2017/18	121,488	£1,641	£173	£1,144	£2,958	2.4p
2018/19	180,035	£1,840	£246	£1,920	£4062	2.2p
2019/20 Estimate	149,000	£1,840	£255	£1,595	£3,690	2.4p

2019-14 Market Stall Erection and Skip Hire

Market Stall Erection Contract - I have produced a database of charges from 2012 to date. The contract was put out to tender (see Council report 28 November 2016) and subsequently awarded to **All-Fit Towbars & Trailers** for five years with an option to extend for a further three years, and I can confirm that all payments are made in accordance with Financial Regulations and Standing Orders.

Year	Market Stall Erection Cost	Storage Costs
2015/16	£29,897	£3,340
2016/17	£35,343	£3,684
2017/18	£34,234	£3,504
2018/19	£33,799	£3,596
2019/20Estimate	£32,740	£3,690

Market Skip Hire - I have reviewed the hire charges from 2011/12 to date; I can confirm that all payments are made in accordance with Financial Regulations and Standing Orders.

Year	Waste Charges	Number of occasions
2015/16	£13,393	95
2016/17	£14,183	104
2017/18	£10,244	105
2018/19	£7,770	102
2019/20Estimate	£8,110	104

2019-15 Glass Collection

-Bottle Bank Collection Services

I have reviewed the Glass Recycling returns to SCC and the Recycling Credit payments to the Mayor and Sheriff's Charity and I confirm that all payments are made in accordance with Financial Regulations and Standing Orders.

Year	Tonnage	Recycling Credits	Average Credit per Tonne
2015/16	8.548	£413	£48.33
2016/17	11.749	£589	£50.15
2017/18	10.871	£562	£51.69
2018/19	11.535	£614	£53.26
2019/20Estimate	11.000	£603	£54.86

-Guildhall Glass Collection

I have reviewed the Wheelie Bin Glass Collection service provided by BIFFA Waste Services for the Guildhall this currently costs the authority £487 per annum following a reduction from 4 to 2 Bins. The Council on 28/01/19 approved an agreement with Lichfield Arts to share the cost equally. I confirm that all payments are made in accordance with Financial Regulations and Standing Orders.

2019-16 Payroll Expenses

The purpose of the review was to identify whether there are appropriate controls in place and their operation. Procedures are in accordance with legislation and Council agreed policy. Expenditure on staffing is processed and recorded/monitored correctly.

I am pleased to note there are good controls operating.

HRMC has completed a review of mileage allowance payments paid to employees using their own vehicle for business mileage, for 2017/18 and 2018-19, and confirmed there are no issues. HRMC has advised that as the payments are being processed through the payroll the authority needs to register with the payroll employee benefits and expenses service.

I have the following recommendation to make;

Recommendation 7

- That the Town Clerk registers with the HRMC payroll employee benefits and expenses service.

2019-17 Christ Church Interment Fees

I have completed a detailed breakdown of the Interment Fees and maintenance costs. I can confirm that the Interment Fees received are in accordance with the Agreement.

Year	Interment Fees	Number of Burials	Number of Cremated	Number of Memorials
2015/16	£1,684	7	1	8
2016/17	£983	3	0	9
2017/18	£1,105	6	1	8
2018/19	£415	2	0	3
2019/20 Estimate	£750	3	0	0

2019-18 Market Income

I have completed a detailed review of market receipts for rent/services charges. I am pleased to note there are good controls operating.

Year	Friday Market	Saturday Market	Farmers Market	Tuesday Market	Total
2015/16	£54,393	£54,803	£11,196	£27,120	£147,512
2016/17	£52,381	£58,677	£8,173	£28,568	£147,799
2017/18	£47,229	£54,204	£5,945	£26,299	£133,677
2018/19	£43,383	£55,085	£5,617	£29,622	£133,707
2019/20 Estimate	£48,250	£55,450	£3,500	£31,280	£138,480

Further to 2018-19 Recommendation 6

The Town Clerk reviews the operational arrangements for the markets and the collection of income.

The Council has set up a Markets working group which met on 18/11/19

2019-20 Budget /Precept Process

I have reviewed the budget /precept process for 2019/20 and I am pleased to note there are good controls operating.

2019-20 Capital Works -Budgets

I have reviewed individual Capital Works against the budget for 2019/20 and I am pleased to note there are good controls operating.

2019-21 Election Expenses 2019

Lichfield City Council has not received details of the election expenses for the elections in May 2019. The District Council due to staffing issues and the impact of the General election in December 2019 will be submitting the invoice at the end of the financial year the Lichfield City Council has made a provision of £50,000.

2019-22 Donegal House Rental Agreements

I have Reviewed Lease Agreements, we are currently receiving £10,940 per annum in rental income, I note that a tenant has given notice. This tenants' company subsequently dissolved and the remaining rent due was written off (see Council 30 July 2019 Appendix 8 Confidential report Bad Debt write-off). I am pleased to note there are good controls operating.

2019-23 Land Registry

I have reviewed the Land Register schedules and I have established that there is detailed registration of LCC assets. Some areas are subject to some legal issues being resolved

2019-24 The Data Protection Regulation(GDPR)

The General Data Protection Regulation (GDPR) took effect from 25 May 2018 It replaces the existing law on data protection (the Data Protection Act 1998) and gives Individuals more rights and protection regarding how their personal data is used by councils Local councils and parish meetings must comply with its requirements, just like any other Organisation.

The Council on 05/03/18 approved the preparation for the General Data Protection Regulations

2019-25 Sale of Land

I have reviewed the options agreement and I can confirm that the receipt has been received including RPI increases

2019-26 Direct Debits

The Council on 29 January 2018 approved the payment of regular service provision by Direct Debit. and I can confirm that all payments are made in accordance with Financial Regulations and Standing Orders,

Year	No Transaction	Total Value inc VAT	Average no days Cleared
2018/19	270	£517,574	22
2019/20 Estimate	313	£539,000	26

2019-27 Community Infrastructure Levy (CIL)

I have reviewed the income and expenditure and can confirm that they are in accordance with the requirements of the Community Infrastructure Levy (Amendment) Regulations 2013. I note regulation 62A, that the Council must prepare a report for any year in which it receives CIL receipts and must publish the report on its web site and send a copy of the report to the charging authority no later than 30 June following the reported year

Year	CIL Received	CIL Expenditure	Balance C/FWD
2018/19	£29,666	£14,112	£15,554
2019/20 Estimate	£22,660	£18,060	£20,154

2019-28 Sheriffs Ride

I have analysed the cost of the Sheriff's Ride since 2014-15

I confirm that all payments are made in accordance with financial regulations and standing orders.

Year	No Riders	Net cost of Ride	No Lunches	Net Cost of Lunches
2015/16	43	£3,412	120	£1,039
2016/17	40	£3,122	122	£976
2017/18	34	£4,025	110	£860
2018/19	46	£5,047	110	£708
2019/20 Estimate	44	£12,390	103	£720

2019-29 Computer Services

I have reviewed the Computer charges and I confirm that all payments are made in accordance with Financial Regulations and Standing Orders.

Year	Contract	Equipment Maintenance Software Upgrades	Total
2015/16	£3,842	£2,010	£5,852
2016/17	£4,069	£9,510	£13,570
2017/18	£4,872	£5,074	£9,946
2018/19	£6,803	£5,585	£12,388
2019/20 Estimate	£9,110	£6,310	£15,420

2018-2019 Internal Audit Recommendation Summaries

No	Details	Management Response	Timescale
1	Insurances ➤ That the Town Clerk review the Public Liability claims as part of the Health and Safety Review.	Agreed	Review ongoing
2	The Local Government Transparency Code 2015 ➤ The Town Clerk submits an updated Pay Policy Statement	Agreed	Updated September 2018
3	Review of Corporate Governance ➤ I would Recommend that the Town Clerk circulate National Association of Local Councils - The Good Councillor's' Guide 2018.	Agreed	Implemented May 2019
4	Street Lighting Service ➤ That the Town Clerk set up a renewal/replacement programme for street lighting	Agreed	3 Year Programme starting 2019/20
5	Market Miscellaneous Income ➤ That the Town Clerk review the market Square commercial hire rates.	Agreed	Reported to Council January 2019
6	Market Income ➤ The Town Clerk reviews the operational arrangements for the markets and the collection of income.	Agreed	Review Ongoing
7	Community Infrastructure Levy (CIL) ➤ That the Town Clerk produce an annual reporting statement as required and submit to Lichfield District Council by 30 June each year.	Agreed	As required
8	Sheriffs Ride ➤ That the Town Clerk reviews the allocation of complimentary lunches provided at the Sheriffs ride.	Agreed	Completed September 2019

2019-2020 Internal Audit Recommendation Summaries

No	Details	Management Response	Timescale
1	Fraud and Corruption Checklist <ul style="list-style-type: none"> ➤ That the Town Clerk on implementing Electronic Banking Payments by BACs produce clear written instructions and procedures 	Agreed	September 2020
2	Creditors <ul style="list-style-type: none"> ➤ That the Town Clerk ensure that all invoices received are date stamped 	Agreed	Implemented
3	Financial regulations and Procedures <ul style="list-style-type: none"> ➤ That the Town Clerk Review Financial Regulations in light of NALC publishing Model Financial Regulation 2019 for England 	Agreed	September 2020
4	The Local Government Transparency Code 2015 <ul style="list-style-type: none"> ➤ That the Town Clerk publishes Lichfield City Council's Complaints Procedure on the transparency page of LCC web Site 	Agreed	Implemented
5	Insurances <ul style="list-style-type: none"> ➤ That the town Clerk review the all risk insurance value in relation to the Civic Silver/Regalia ➤ Zurich have produced a Guide to risk Management I would recommend that the document is shown to our Health and safety Consultants Terrain 	Agreed	September 2020
6	Policy and Procedure Documentation <ul style="list-style-type: none"> ➤ That the Town Clerk produces an updated Anti-Fraud and Corruption Strategy including Confidential Reporting (Whistle blowing) policy and Anti-Money Laundering Policy 	Agreed	Reported to Council December 2019
7	Payroll Expenses <ul style="list-style-type: none"> ➤ That the Town Clerk registers with the HRMC payrolling employee benefits and expenses service 	Agreed	March 2020

APPENDIX D

INSURANCE RISK REGISTER

Category	Area of activity	Risks	Likely frequency	Severity	Review frequency	Triggers for action
Elected Members	Policy decisions Resource allocation Political agenda and priorities Probity Professional Conduct	Injury Assault Fraud, dishonesty and corruption Defamation Breach of confidentiality Libel and slander	Low	Medium	Annually	Per incident
Employees	Professional Advice Professional judgements Financial management Contract management Project planning/management Lack of skills, experience and relevant competency Inappropriate or insufficient training	Liability claims for physical injury Defamation Professional indemnity Fraud, dishonesty and corruption HSE prosecution Breach of Data Protection	Low	Medium	Annually	Per incident Internal Audit work plan
The General Public	Affected by: All services-directly provided All services-commissioned and contracted out Joint and partnership arrangements All premises maintained, managed or occupied	Complaints Legal challenge Ombudsman investigation Liability claims for physical injury Liability claims for damage to property	Low	Medium	Annually	Per incident
Planning	Management information relating to service provision and future needs	Service not resourced and/or fully provided	Low	High	Annually	Budget Reports Estimates
Project Management	All major schemes	Poor value for money Bad professional advice	low	Medium	Per scheme	Per Scheme
Management of Information held	Policies and codes of practices for record systems Information security and data protection Employee records and training	Defence of criminal, civil and employment tribunal actions Judicial challenge Challenge under Human Rights Act	Low	Low	Annually	Per incident Internal Audit work plan
Reputation	Provision of services	Failure to recruit high calibre staff Loss of public confidence	Low	High	Annually	Vacancy Per incident
Business continuity planning	Provision of services	Failure to deliver services	Low	High	Annually	Per incident Internal Audit work plan
Business interruption	All premises	Loss of Gross Income	Low	High	Annually	Per incident

MANAGEMENT RISK REGISTER

The Council is required under Regulation 4 of the Accounts and Audit Regulations 2011 to ensure that the financial management and accounting control systems of the Council are adequate and effective, and that the Council has a system of Internal Control which facilitates the effective exercise of the Council's functions and which includes risk management arrangements. In carrying out this requirement, there are roles for Members and Officers of the Council who will draw information and guidance from legislation and the work done by independent bodies such as the Internal Auditors and financial auditors.

Activity	Identified Risk	Assessment and Action	Notes
Financial	To ensure that the Council maintains responsibility for the finances of the Council and that the procedures to be followed are set out for everyone to understand. That ongoing checks of the Council's financial dealings are carried out and reported to the Council	The Council has in place Financial Regulations and procedure notes that detail the controls and procedures to be followed and responsibilities. These are aimed to secure efficient and prudent control of the Council's finances. Financial reports are presented for consideration by Council and/or the Audit Committee.	The Council on 24 June 2014 Adopted a local Government Pension Scheme-Employer Discretions Policy
Financial	That core activities of the Council are given precedence in allocation of the Council's financial and human resources.	The Council will give due regard to the Strategic Plan objectives when determining priorities for allocation of resources.	
Financial	That the Council's finances are sufficient to enable it to continue providing its identified priority services	Regular reports are submitted to Council comparing actual expenditure to date to budget. Budgets are set with due regard to previous expenditure levels, inflationary pressures, and foreseeable variations in service levels, costs and other factors. There is also a general reserve in place for unexpected and unbudgeted expenditure so as to allow the Council to continue to operate.	
Financial	That the Council is run efficiently and effectively	In addition to internal management checks, there are annual financial and systems audits carried out by the Council's internal auditor through the agreed Internal Audit programme. There is an annual external audit carried out by the Council's auditors.	
Financial	To protect the Council against theft from an officer or former officer of the Council	The Council has fidelity insurance. The Council has an approved anti-fraud and corruption checklist.	The Anti Fraud and Corruption Strategy, Whistle blowing Policy and Money Laundering Policy have been approved by Council 02/12/19
Financial	The loss of computerised financial records and other records	The Council has an approved back-up and security strategy for its computer systems and records.	
Financial	That the Council's business is protected against loss, damage or claims made upon it.	The Council has a combined insurance policy with Zurich Municipal for buildings and property, public and employer's liability.	

Activity	Identified Risk	Assessment and Action	Notes
Health and Safety	Failure to comply with Health and Safety legislation	The Council has a comprehensive Health and Safety Risk Assessment for its activities and premises.	The Town Clerk has engaged Terrain Health & Safety Consultants to provide services including risk assessments of city council building's and working practices
Central Administration	The Council has in place sufficient qualified and/or experienced staff to operate and manage its activities and structures are in place to protect the operations against the loss of a key member of staff	The Town Clerk (RFO) is supported by a Deputy Clerk to deputise in his absence and a separate Internal Auditor. Other key administrative staff have assigned duties but are multi-skilled and there is considerable shared knowledge of roles to ensure the continuation of operations in the event of one person being unavailable to carry out their duties. There are a team of Premises Attendants employed to ensure the smooth operation of the Guildhall. Written procedure notes are available for key duties, and premises manuals are largely complete. The Staffing Committee undertakes an annual review of the staffing establishment available to service the Council's functions.	
Central Administration	How would operations continue following the loss of premises due to a major incident?	Emergency office accommodation can be provided in Guildhall rooms.	
Markets Operation	Interruption/cancellation of Markets activities	If the Market Square was unavailable alternative arrangements could be made to operate in the streets (as happened during Market Square repaving works.) Net income from the Markets activities could reduce significantly before it affected the overall financial position of the Council.	
Room Hire at Guildhall	Interruption/cancellation of room hire through loss of building by fire etc	The building and contents are insured against loss. Loss of the Guildhall would not in itself affect the ability of the Council to function. No business interruption insurance is held as the income lost from Guildhall hire would be sufficiently mitigated by reduced operating costs.	
Community Centres	Loss of properties through fire etc. Failure/disbandment of management committees.	The building and contents are insured against loss. Temporary closure during reconstruction of the Community Centres would not in itself affect the ability of the Council to function. The Council has sufficient experience from operating Guildhall to temporarily take over running of the Community Centres should a management committee cease to function (as evidenced at Boley Hall).	Council 30/11/15 agreed to take on the temporary, day to day management of Boley Hall.

Activity	Identified Risk	Assessment and Action	Notes
Grounds maintenance	The contractor goes into liquidation, or tender price on contract rises significantly.	Current contract is with Lichfield District Operational Services (District Council's DSO) the Council has entered into an ongoing Service Level Agreement.	.
Land	Loss of land, or public open space, through encroachment, adverse possession etc	Boundaries of areas known, recorded and inspected.	Registration of land holdings is substantially completed and ongoing. Some areas are subject to some legal issues being resolved
Twinning	Interruption/cancellation of Twinning activities	Twinning activities are a non-essential activity.	
Johnson Birthplace	Loss of properties through fire etc.	The building and contents are insured against loss. Temporary closure during reconstruction would not affect the ability of the Council to function.	
Legal	Litigation against Council	Council has Public Liability and Employer's liability insurance. Control measures in place to reduce likelihood of successful claims	
Data Protection	Non-compliance with the General Data Protection Regulations	Upgrade to server and workstation monitoring. Retention of Documents Secure website and enquire forms	The Council has formally adopted the following Policies - Retention of Documents Policy 5/03/18 -Information & Data Protection Policy 23/04/18 -Social Media & Electronic Communication Policy 23/04/18 -Recoverable Media Policy 18/06/18

ANNUAL INTERNAL AUDIT REPORT 2019/20

The Smaller Authority's Internal Audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation **during** the financial year ended 31 March 2019.

Internal Audit has been carried out in accordance with this smaller authority's needs and planned coverage. On the basis of the findings in the areas examined, the Internal Audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the Internal Audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the smaller authority.

		Agreed		
		Yes	No	Not Covered
A	Appropriate accounting records have been properly kept throughout the financial year.	√		
B	This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	√		
C	This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	√		
D	The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored and reserves were appropriate.	√		
E	Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	√		
F	Petty cash payments were properly supported by receipts, all petty cash expenditure was approved, and VAT appropriately accounted for.	√		
G	Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.	√		
H	Assets and investments registers were complete and accurate and properly maintained.	√		
I	Periodic and year-end bank account reconciliations were properly carried out.	√		
J	Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	√		
k	IF the authority certified itself as exempt from a limited assurance review in 2018/19, it met the exemption criteria and correctly declared itself exempt. ("Not Covered" should only be ticked where the authority had a limited assurance review of its 2018/19 AGAR)			√
L	During summer 2019 this authority has correctly provided the proper opportunity for the exercise of public rights in accordance with the requirements of the accounts and Audit Regulations.			√
M	Trust funds (including Charitable) - The Council met its responsibilities as a trustee	√		

For any other risk area identified by the council (list any other risk areas below or on separate sheets if needed).

